

Top Secret

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(Security Classification)

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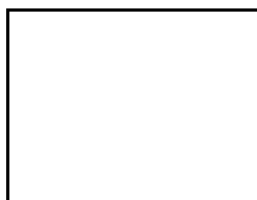
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TO:	NAME AND ADDRESS	DATE	INITIALS
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NATIONAL INTELLIGENCE DAILY CABLE

Friday May 28, 1976

CI NIDC 76-126C

State Department review completed



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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday May 28, 1976.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

LEBANON

[REDACTED] The murder in Lebanon yesterday of leftist leader Kamal Jumblatt's sister has led to another postponement of the critical meeting between Jumblatt and president-elect Sarkis.

[REDACTED] Sarkis conferred with several other Muslim leftist leaders yesterday after crossing the "no-man's land" between the Christian and Muslim lines in Beirut, and had planned to meet with Jumblatt last night.

[REDACTED] It is unclear what effect, if any, the killing by unknown gunmen will have on Sarkis' mediation efforts. Jumblatt, before going into seclusion at his estate just south of Beirut, issued an appeal to his followers not to seek revenge.

[REDACTED] Despite some sharp exchanges of artillery fire, the undeclared truce generally appears to be holding, and both Jumblatt and Christian Phalangist leaders have recently made conciliatory gestures, raising hopes that the roundtable discussions being promoted by Sarkis will come off.

[REDACTED] A reputable Beirut newspaper reports that Jumblatt has dropped his demand for the immediate withdrawal of Syrian troops in favor of Sarkis' proposal for a gradual pull-out of Syrian forces.

[REDACTED] Phalanges leader Jumayyil, who has been a strong advocate of greater Syrian involvement in Lebanese security matters, has indicated in turn that he is prepared to negotiate the establishment of a purely indigenous security force.

French Proposal

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[] Algeria has joined other Arab states in condemning French President Giscard's proposal to send a peace-keeping force to Lebanon. In parallel messages on Tuesday to nonaligned heads of state and to presidents Asad and Sarkis and Palestine Liberation Organization chairman Arafat, President Boumediene characterized the French initiative as foreign intervention.

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[] Boumediene warmly praised the efforts of Asad, Sarkis, and Arafat to resolve the Lebanese crisis and urged them to oppose threats of direct foreign military intervention.

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[] According to diplomatic sources in Algiers, the Algerians view the French proposal as an attempt to thwart their own initiative in Lebanon. The Algerian press claims that Algeria, Iraq, and Libya have been working in concert over the past week to bring warring Lebanese factions to the conference table.

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[] Boumediene's messages were sent the same day that senior Libyan and Iraqi envoys visited Algiers.

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[] Boumediene's criticism probably also reflects the poor state of Franco-Algerian ties. Relations have been marred by the pro-Moroccan stance Paris has taken in the dispute over Western Sahara, French unwillingness to meet Algerian demands to renegotiate natural gas prices, Algiers' recent conviction of three French engineers for engaging in "economic espionage," and the expulsion from France of some Algerian immigrant workers. []

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RHODESIA

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[] Rhodesian security forces recently killed two guerrillas about 65 kilometers (40 miles) northeast of Salisbury, according to press reports.

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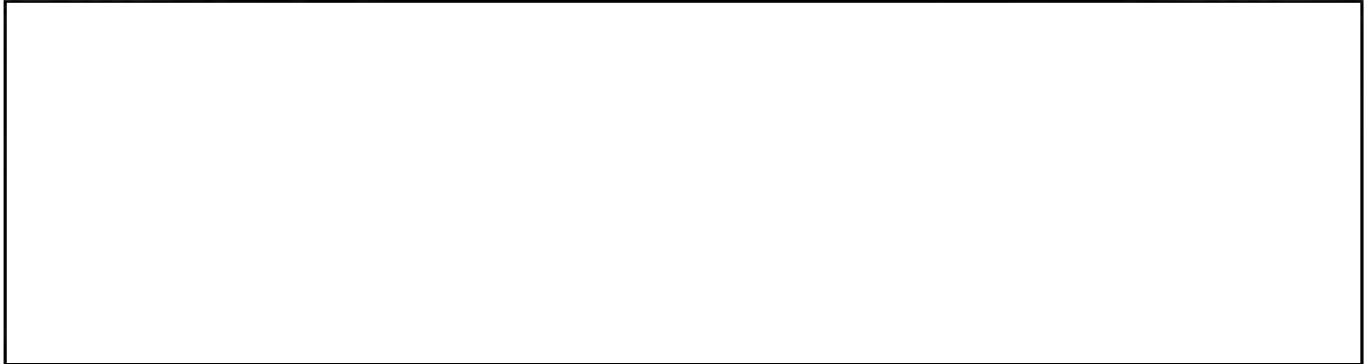
[] This was the first such incident so close to the capital since the insurgency increased last January. A popular white resort near the scene of the clash has closed because of the security situation.

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[] Last week, a white farmer and his son were killed and another white farmer kidnaped and taken to Mozambique by guerrillas, according to press reports. White civilians have also been ambushed in recent weeks on major roads in southern Rhodesia.

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UNCTAD

[redacted] Negotiations continue in Nairobi to break the deadlock at the UN Conference on Trade and Development, which has been meeting since early this month.

[redacted] Although the conference is scheduled to end today, it may be extended through the weekend as the delegates from 154 participating countries try to resolve contentious commodity issues. Should the talks collapse, there might be a reversion to the confrontation atmosphere that characterized relations between the industrialized and developing countries prior to the UN special session last fall.



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RHODESIA

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[REDACTED] //Although rivalries within the insurgent leadership have served (and will continue) to hinder effective action, the Rhodesian insurgents' military capabilities have increased over the past year.//

//--They are better armed and trained than ever before.

--Over the past year, the size of the combat ready insurgent force has doubled to about 3,500 men out of an estimated total of 11,500 insurgents.

--The availability of sanctuary and base areas in Mozambique since late 1975 and increased external logistical assistance have improved insurgent infiltration and operational capabilities.

--Tanzanian and Mozambican military forces are playing an increasing role in support of the insurgency.//

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[REDACTED] //Although insurgent capabilities will almost certainly continue to improve, the insurgents are likely to achieve only limited military successes over the next year or so unless they receive extensive foreign combat assistance.//

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[] //Rhodesian security forces are well trained and equipped, and they are enhancing their counterinsurgency capability.//

//--Rhodesia will continue to mount cross-border, hot pursuit raids into Mozambique, at least until insurgent border security and air defense capabilities improve.

--Rhodesia will have to rely increasingly on blacks and white mercenary personnel.

--Thus far there have been no signs of disloyalty among the black security forces, but if the Rhodesian military situation deteriorates, some blacks could begin to reconsider their position.

--Rhodesian security forces will continue to depend on outside sources for military equipment, POL, spare parts, and ammunition as well as on the continued movement of such supplies through South Africa.//

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[] //The level of insurgent activity will probably increase, and more sophisticated equipment, particularly air defense equipment in Mozambique, is likely to be used.//

//--Rhodesian security forces can probably cope with the anticipated increases in insurgent activities over the next year or so. But a significant spread of insurgency beyond the present concentrations in the border areas or a substantial and sustained increase in guerrilla activity would severely strain the army's limited capabilities.

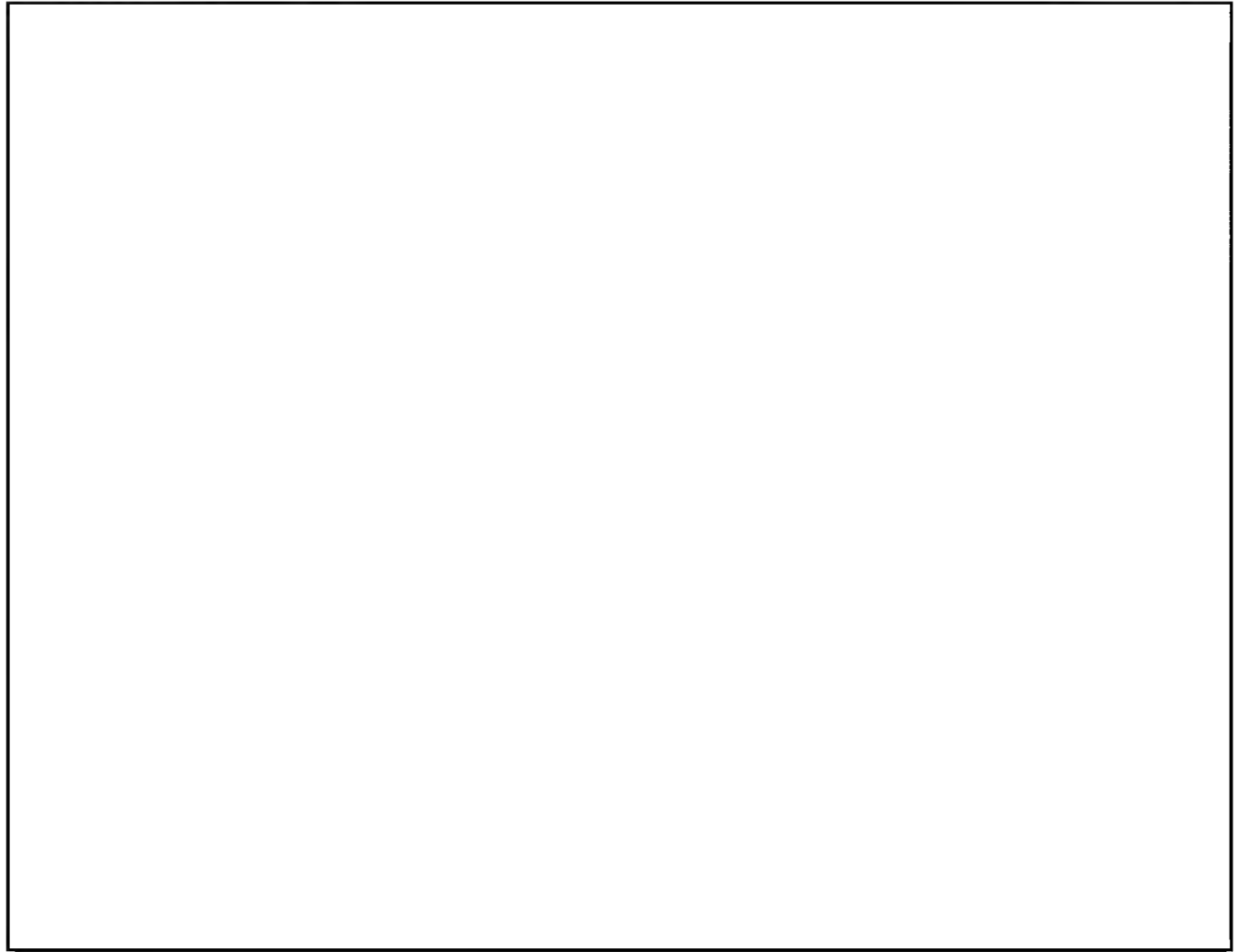
--Infiltration into Rhodesia from Zambia and Botswana would even further disperse Rhodesia's limited manpower and stretch its limited logistical system.

--Sophisticated air defense equipment in the border area would take its toll on Rhodesia's slow flying, subsonic aircraft.

--Rhodesian security forces would be no match for a large conventional military force with sophisticated ground equipment and air support. []

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SYRIA-ISRAEL

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[REDACTED] UN Secretary General Waldheim announced yesterday that Syria has agreed to another six-month extension of the mandate for the UN observer force on the Golan Heights. Damascus reportedly has not attached any political conditions to its approval.

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[REDACTED] According to UN Undersecretary General Urquhart, Syria prefers that the Council's renewal resolution be

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patterned after one passed in November 1974. That resolution took note of efforts to establish peace in the area and expressed concern over the prevailing state of tension.

25X1 [] The Syrians reportedly have asked that the forthcoming Council resolution depart from the earlier one by omitting reference to the 1974 Syrian-Israeli disengagement agreement.

25X1 [] Damascus presumably wants to avoid an indirect endorsement of step-by-step negotiations, and to underscore its contention that the UN force will remain on Syrian territory at Syria's sufferance and not as a result of any legal commitment.

25X1 [] The Israelis maintain that the presence of the observer force is an integral part of the 1974 disengagement agreement, and that renewal of the mandate is a simple technical obligation. They are not likely to contest Damascus' proposal to omit mention of the disengagement accord. The resolution passed last autumn contained no such reference.

25X1 [] Israel does not want to take any action that will further establish the practice of repeatedly negotiating the terms of the renewal.

25X1 [] Syrian President Asad's willingness to renew the mandate in return only for a visit from Waldheim suggests that his freedom to make foreign policy is not now significantly restricted by extremists within the Baath Party. []

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CUBA

25X1 [] Cuba appears ready to open regularly scheduled air service to several points in Africa, perhaps this summer.

[] The most likely destinations are the capitals

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of Guinea-Bissau, Sierra Leone, Guinea, and Angola. Havana signed air agreements with Angola in mid-May, Guinea-Bissau in early April, and Sierra Leone in February.

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USSR-GERMANY

25X1 [] The ninth East German party congress, which ended Saturday, provided an unmistakable reminder to East Germans that the party intends to enlarge its already predominant role in all areas of society.

25X1 [] Continuity, security, heightened ideological vigilance toward the West, and the problems of party organization and youth were the principal themes. Party chief Honecker stressed East Germany's unswerving loyalty to Moscow, insisted that the two German states have separate identities, and unequivocally supported "proletarian internationalism," the term the Soviets use to mean loyalty of each communist party to Moscow.

25X1 [] The congress endorsed a new party program and the government's economic plan for 1976 to 1980. The plan calls for maintaining consumer price stability but makes clear that any future rise in living standards will be closely tied to increased productivity.

25X1 [] The Politburo was expanded and now has 19 full members. No one was removed from the ruling body, another mark of Honecker's emphasis on continuity and stability. The new members reflect the party leader's decision to appoint experienced administrators who already have exercised responsibility generally as party chiefs in East Germany's administrative districts.

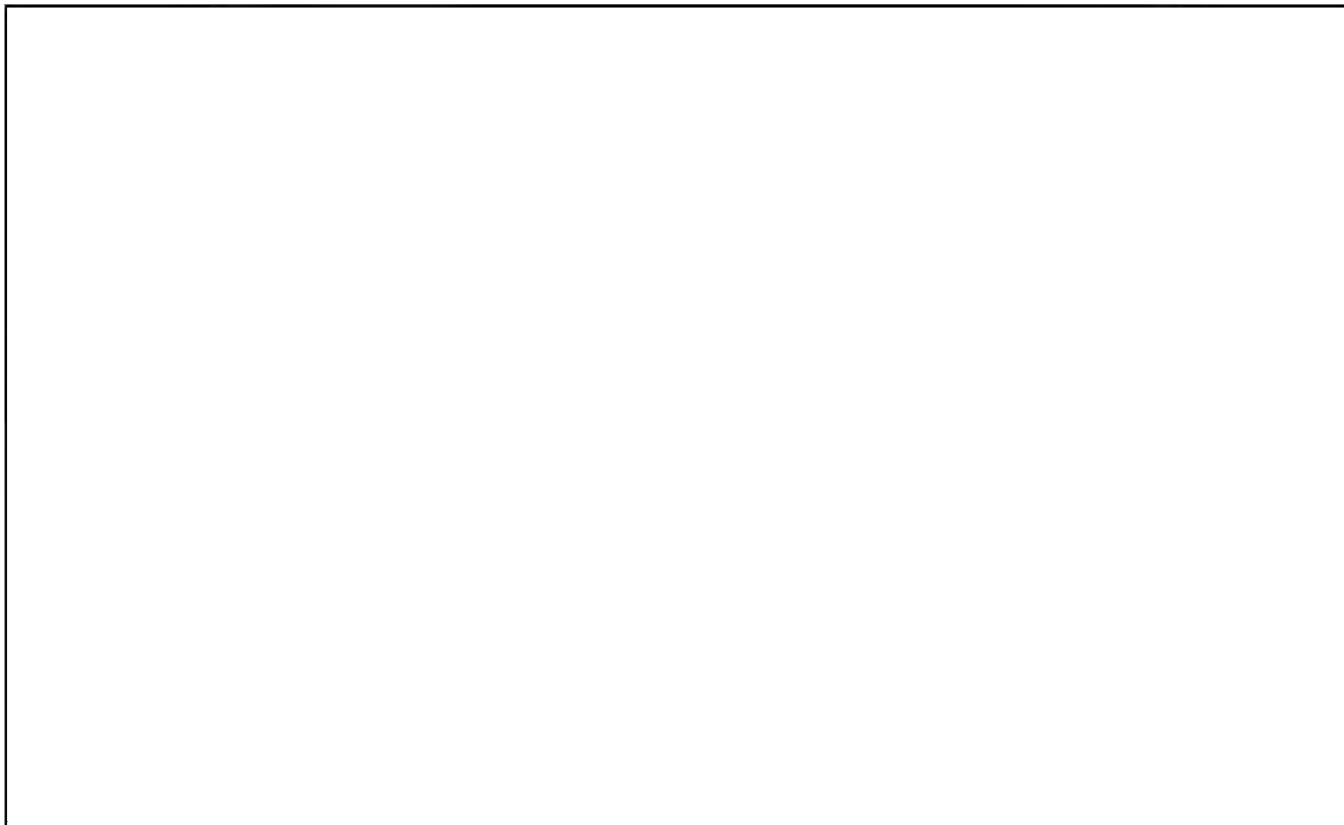
25X1 [] State security minister Erich Mielke was promoted to full Politburo membership in a clear demonstration of Honecker's endorsement of the man in charge of the secret police.

25X1 [] The promotion of Berlin municipal party leader Konrad Naumann to the Politburo is in line with the importance of his district and his skill as a political manager. Naumann has the task of carrying out the party's ambitious plan to develop East Berlin into a world capital over the next decade.

25X1 [] Egon Krenz, head of East Germany's youth organization, was elected a Politburo candidate member. His selection illustrates Honecker's policy of using service in the youth organization as a steppingstone to party leadership. Honecker once headed that organization, and most of the current district party leaders began their careers in it. []

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OPEC

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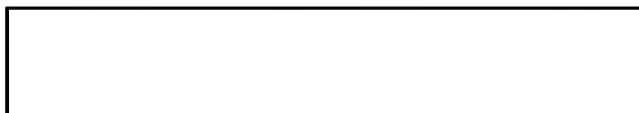
[REDACTED] The OPEC oil ministers, concluding their first day of discussions in Bali, reportedly have agreed to realign oil price differentials based on a price scheme already used by Algeria.

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[REDACTED] The Algerian plan makes use of current freight differentials but bases quality differentials on variations in the value of the products yielded by individual crudes in major markets.

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[REDACTED] Discussions on a price increase and a new site for the OPEC headquarters, currently in Vienna, are to take place today. If these issues are resolved, the meeting may end today, one day earlier than originally anticipated. [REDACTED] 25X1



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CHINA

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[] The estimated dollar costs of Chinese military procurement in 1975 rose some 12 percent over the almost constant level of the preceding three years.

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[] Procurement as used here is a measure of what it would cost to reproduce the Chinese programs in the US. It includes only the cost of producing military equipment, not any costs associated with research, development, testing, and evaluation, or those for facilities, personnel, operations, and maintenance.

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[] The estimated annual dollar costs of Chinese military equipment have fluctuated sharply over the past 10 years. The changing political situation has been partly responsible. During 1967--the first full year of the Cultural Revolution--military equipment procurement declined by about 25 percent to \$2.2 billion. When the Cultural Revolution ended and Sino-Soviet tensions heightened, military procurement rose rapidly to a level of almost \$5.5 billion in 1971.

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[] In 1972, military procurement again declined, to about \$3.2 billion, where it remained until it rose again to about \$3.6 billion last year. At present, Chinese military procurement in dollars is less than one third that of the US, and about one sixth of the estimated dollar cost of Soviet procurement.

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[] The major factor in both the magnitude and the pattern of the estimated dollar costs has been the variation of China's aircraft production. Between 1966 and 1975, procurement of aircraft exceeded that for any other type weapon. Much of the decline after 1971 resulted from a sharp drop in aircraft production, but there was some slowdown in almost all of the Chinese weapons procurement programs.

25X1 [] The distinct rise in estimated procurement costs in 1975--although the level is still much below the 1971 peak--was caused largely by procurement of more costly aircraft and by some increase in ship production.

25X1 [] China's past history of sudden bursts and reductions in defense production makes it difficult to judge whether the upturn in 1975 is a temporary phenomenon or the beginning of a long-term trend. Over the next several years, as the Chinese begin to replace obsolescent equipment with more modern systems, procurement costs can be expected to grow somewhat even if production in terms of numbers of units does not increase. In 1975, for example, the increased production costs of a few relatively more modern and expensive weapon systems more than offset savings from the reduced production of older and cheaper weaponry.

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